

Technical Advisory Group

2006 PEBB & Basic Health
Procurement

October 11, 2005

2006 Purchasing Environment Budget Assumption

■ General Fund State Growth

■ 2005: 6.6%

■ 2006 Projection: 5.7%

■ 2007 Projection: 4.0%

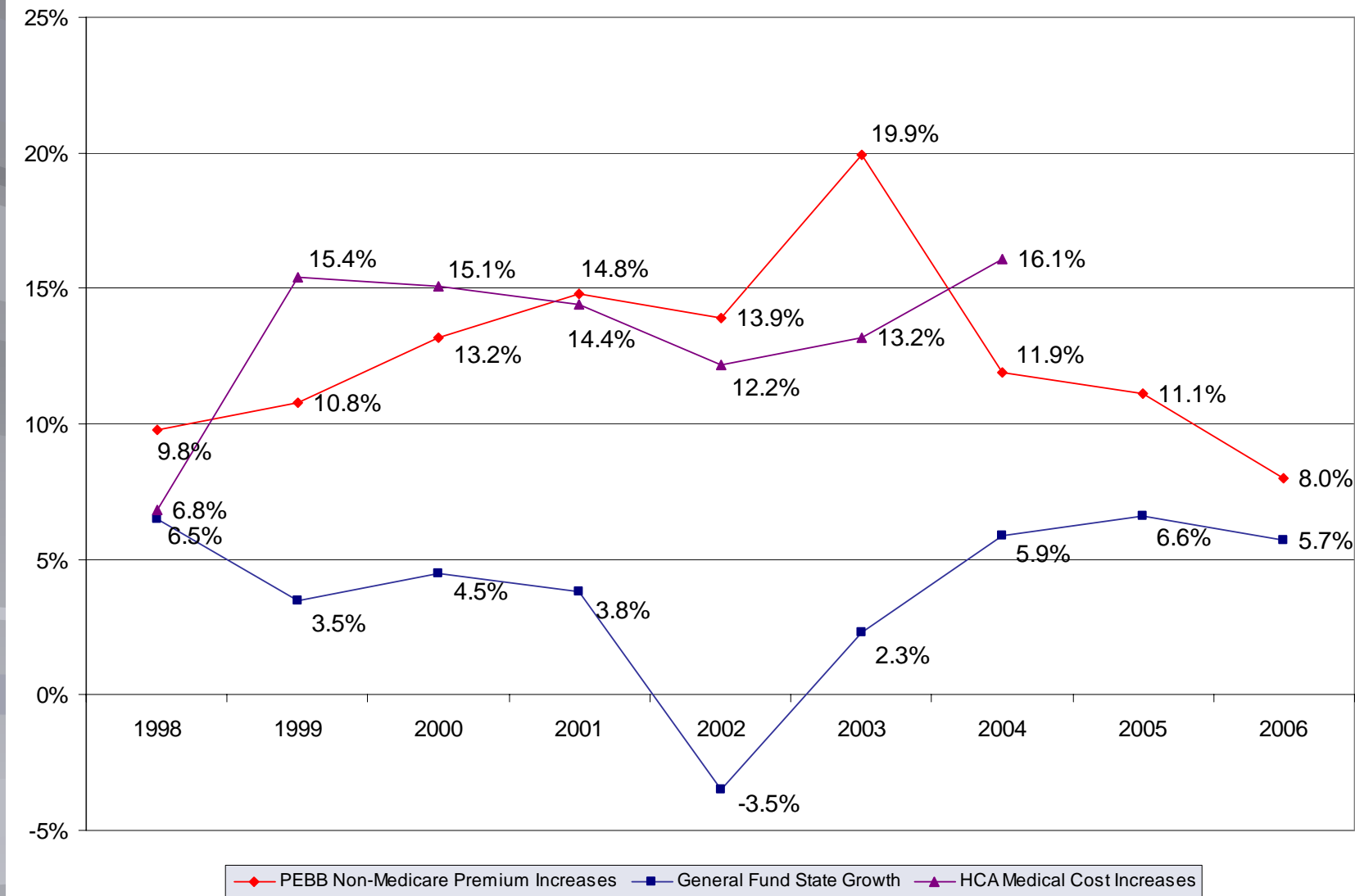
■ Budgeted Health Care Bid Rate Trend

■ 8.5%

■ Employee Contributions

■ 12% Weighted Average

2006 Purchasing Environment



2006 Purchasing Environment

- CalPERS 2006 Non-Medicare Premium Increase: 8.9% Overall Average
- Hewitt Association 2006 prediction: Nationally, 12.4% MCO rate increase

2006 Non-Medicare Bid Rate Overview

- Budget Assumption 8.5%
- Initial Procurement Results: 11.8%
- Final Procurement Results: 8.0%
 - UMP PPO with Alternatives = .8%
 - UMP NBR with Alternatives = 2.6%
 - MCOs= 14.2%

Change in Non-Medicare Bid Rate Subscriber Only (First Tier)

<u>Plan Name</u>	2005 First Tier Normalized Bid Rate	2006 First Tier Normalized Bid Rate	Employee Contribution change from 2005 1st Tier
CHPWA	\$ 384.73	\$ 422.62	\$ 16
Group Health Coop.	\$ 348.43	\$ 401.41	\$ 31
Kaiser Foundation	\$ 364.95	\$ 404.89	\$ 18
Options Health Care	\$ 376.40	\$ 447.54	\$ 50
PacifiCare	\$ 436.18	\$ 481.18	\$ 23
Regence	\$ 429.80	\$ 486.23	\$ 34
UMP PPO	\$ 361.10	\$ 364.05	\$ (19)
UMP Neighborhood	\$ 352.60	\$ 361.87	\$ (13)

Employee Contributions

(Requires Board Action)

Plan Name	1st Tier		2nd Tier		3rd Tier		4th Tier	
	CY 2005	CY 2006	CY 2005	CY 2006	CY 2005	CY 2006	CY 2005	CY 2006
	Subscriber	Subscriber	Sub. & Spouse	Sub. & Spouse	Sub. & Child(ren)	Sub. & Child(ren)	Full Family	Full Family
CHPWA	\$ 57	\$ 73	\$ 123	\$ 155	\$ 99	\$ 127	\$ 166	\$ 210
Group Health Coop.	\$ 20	\$ 51	\$ 51	\$ 113	\$ 36	\$ 90	\$ 66	\$ 151
Kaiser Foundation	\$ 37	\$ 55	\$ 84	\$ 120	\$ 65	\$ 96	\$ 112	\$ 161
Options Health Care	\$ 48	\$ 98	\$ 107	\$ 205	\$ 85	\$ 171	\$ 143	\$ 278
PacifiCare	\$ 108	\$ 131	\$ 226	\$ 272	\$ 189	\$ 230	\$ 307	\$ 371
Regence	\$ 102	\$ 136	\$ 214	\$ 282	\$ 178	\$ 238	\$ 290	\$ 385
UMP PPO	\$ 33	\$ 14	\$ 76	\$ 38	\$ 58	\$ 25	\$ 101	\$ 49
UMP Neighborhood	\$ 25	\$ 12	\$ 59	\$ 34	\$ 43	\$ 21	\$ 78	\$ 43

CY 2006 Estimated Required Premium pspm

CY 2006 Estimated Employer Contribution pspm

Average Employee Contribution

% Employee Contribution of Required Premium

Budget Assumption

Variance

\$676
\$595
\$81
12.0%
12.0%
0.0%

2007 and Beyond

Large Employer Health Care Strategies

Data Analysis and Diagnosis

Business and HR Priorities
Enrollment, costs and demographics
Cost drivers and savings opportunities

Traditional Tactics

Plan Design

- Types of plans
- Number of choices
- Cost Sharing
- Service-related offerings
- Pay-related designs
- Pharmacy
- Savings/spending accounts

Contributions

- Percentage of cost
- Salary stratified
- Indexed to plan costs
- Tiered for family size
- Risk-related
- Opt-out credits (cash)

Financing

- Funding decision – insured, self-insured, minimum premium
- Gain sharing
- Employee self-funding – FSA, HRA

Vendors

- Vendor selection
- Performance measures
- Clinical capability
- Operational audits
- Network strategy
- Renewal negotiation



Advanced Strategies

Maintain a healthy workforce

- Identification of health risks
- Health promotion programs
- Self-care assistance
- Health risk management
- Incentives for health awareness – risk appraisal participation

Focus on high cost population

- Disease management
- Case management
- Maternity programs
- Advocacy programs
 - Incentives for care management compliance
 - Integrate information and/or care management with disability and worker's compensation

Engage employees in behavior change

- Raise cost awareness through education and cost sharing
- Education about cost and health conditions
- Tools about provider cost and quality
- Availability of savings accounts

Purchase Highest Quality and Most Cost Effective Care

- High performance network
- Collective purchasing
- Supply chain purchasing
- National initiatives for quality improvement

Basic Health 2006 Procurement Goals

- Support authorized BH enrollment within budget for 2006.
- Second consecutive year for renewal of existing contracts, HCA aimed to:
 - Maintain stable operating environment for enrollees.
 - Contract with at least one benchmark plan in every county.

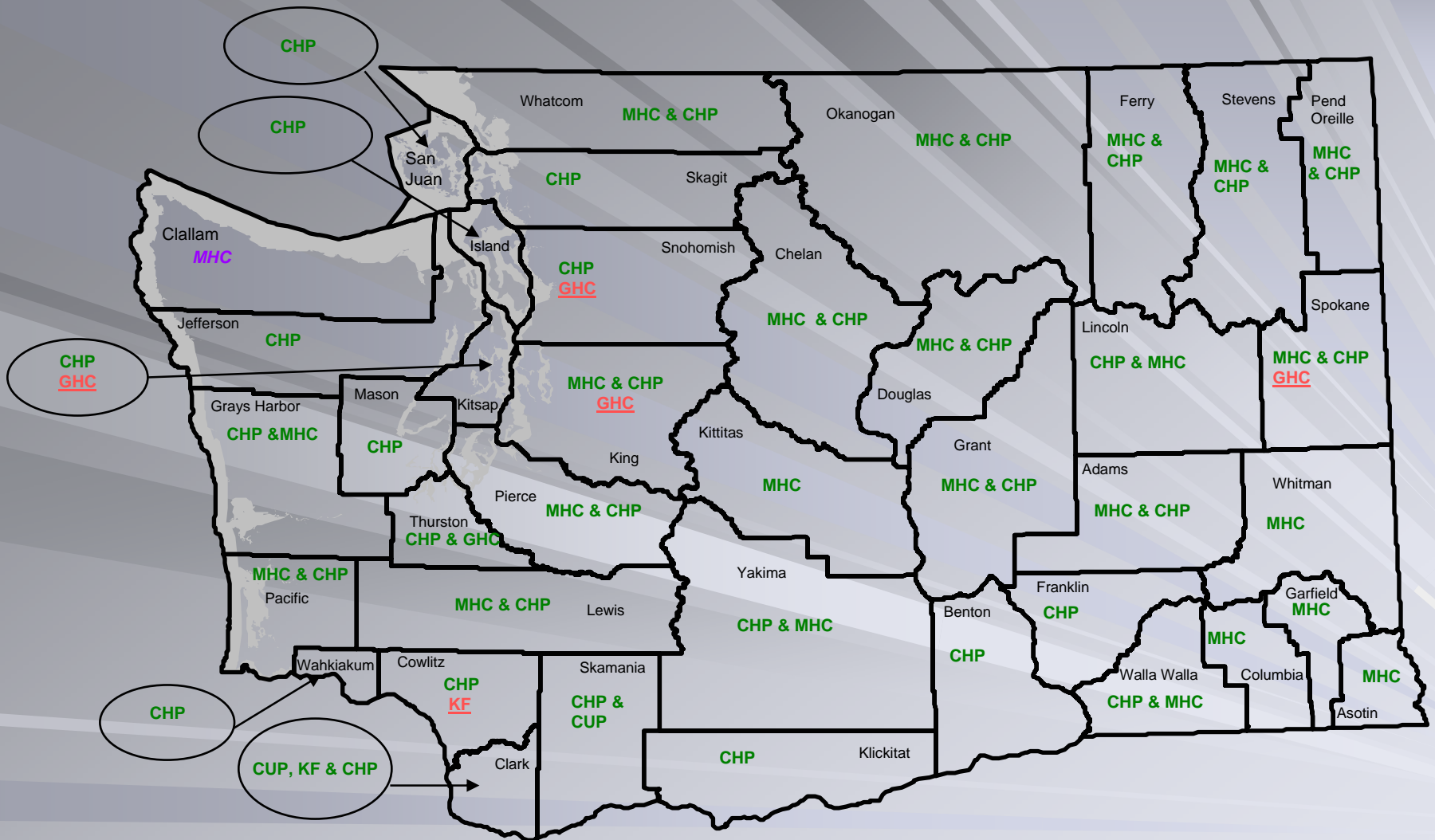
2006 Procurement Process

- No benefit, premium or cost sharing changes for 2006.
- Received bids from all current plans.
- BH received benchmark bid in every county except for Clallam.

2006 Procurement Impacts

- BH maintained 2005 Service Areas with only two changes for 2006.
 - Molina exited Island County
 - Group Health exited Pierce County
- Every county (but Clallam) has at least one benchmark plan; twenty one counties have at least two.

Basic Health 2006 Service Areas



GREEN = Benchmark (BM) plans. **RED** = Coverage above benchmark. **PURPLE** = Single plan, not BM, available to enrollees at BM (Clallam only).

Participating Health Plans: Columbia United Providers (CUP), Community Health Plan of Washington (CHPW), Group Health Cooperative (GHC), Kaiser Foundation Health Plan of the Northwest (KF), & Molina Healthcare of Washington (MHC).

Summary of Access Change from 2005 to 2006: Molina is leaving Island County, Group Health is leaving Pierce County